



CITY COUNCIL AGENDA REPORT



DEPARTMENT: Administration

MEETING DATE: January 28, 2003

PREPARED BY: Tammy Evans, Management Analyst I

AGENDA LOCATION: I-1

TITLE: Annual Service Rate Adjustments for the Collection of Commercial and Industrial Solid Waste from the Old Town Franchise Area, Pursuant to the Exclusive Franchise Agreement between the City of Monrovia and Athens Services, Resolution No 2003-08

OBJECTIVE: To recommend to the Monrovia City Council the approval of annual Service Rate Adjustments for commercial and industrial solid waste collection service in the Old Town Franchise Area

BACKGROUND: On November 10, 1998, the Monrovia City Council awarded an exclusive commercial waste collection franchise to Athens Services for the majority of the Old Town business district. The award of the franchise was the culmination of a two-year effort by the Vision 2000 Committee to address a number of waste disposal issues in the Old Town.

The Vision 2000 Committee set out to create a clean, comfortable, and pleasant environment in the Old Town to enhance the future success of the business district. With regard to waste management in the Old Town, the Vision 2000 Committee identified the following goals.

1. Remove the unsightly trash bins from public view,
2. Make waste disposal more efficient in order to reduce the number of trash bins and service visits needed, especially during peak business hours; and,
3. Ensure that each business pays its fair share to achieve the aforementioned goals.

In August of 1997, at the request of the Vision 2000 Committee, the City retained the consulting services of Aurora Associates to conduct a waste management Needs Assessment in the Old Town. After analyzing the waste disposal needs in Old Town, and taking into consideration the stated goals of the Vision 2000 Committee, the consultant recommended an exclusive waste collection franchise for the area.

A series of meetings were held with Old Town merchants, and the Mayor's Advisory Committee ultimately recommended to the City Council that the exclusive franchise be awarded to Athens Services. This recommendation was subsequently approved by the City Council.

The Exclusive Franchise Agreement between the City of Monrovia and Athens Services was executed effective December 16, 1998. The Agreement provided for a 45-day phase-in.

period, with Athens Services commencing exclusive service in the Old Town on February 1, 1999

The Exclusive Franchise Agreement states that rate adjustments are to be considered each annual anniversary of the Effective Date (December 16, 1998) The rate adjustment request was submitted by Athens on December 24, 2002 with a proposed adjustment date of February 1, 2003 to coincide with the anniversary of Athens commencing service in the Old Town

The Old Town Franchise Area, as defined in the Franchise Agreement, is bounded by the south side of Palm Avenue, the north side of Olive Avenue, the west side of Ivy Avenue, and the east side of Primrose Avenue

ANALYSIS: Athens Services submitted the annual Service Rate Adjustments request to the City on December 24, 2002 with hopes that it would be approved and take effect February 1, 2003 The Exclusive Franchise Agreement stipulates that adjustments are conditioned on Athens' satisfactory performance of the Contract Services The areas highlighted below include a review of Athens' performance over the last twelve months

Merchant Satisfaction

To coincide with the midway point in the Franchise Agreement, the City retained the services of Joseph Reisdorf, formerly of Aurora Associates, to perform a Needs Assessment update Mr Reisdorf audited Athens' general performance over the past three years, including the convenience and condition of the bin enclosures, the adequacy of the service levels and allocation of costs between users, the need for additional bin enclosures, and the possible expansion of the franchise area His findings were as follows

- 50% of the businesses responding to the survey indicated that their cost for refuse collection service was reasonable in relation to the level of service that they receive
- Most respondents were satisfied with the customer service provided by Athens Services
- Lack of cleanliness of the bin enclosures was the concern most often identified by respondents to the survey
- Current service levels for each enclosure appear to be adequate and increases for at least two enclosures may be needed in the future
- Since 63% of the Old Town merchants surveyed did not respond, it can be assumed that these businesses were not sufficiently motivated to express either their displeasure or satisfaction with their refuse collection service

In conclusion, the new refuse collection system that was introduced for Old Town merchants in 1998 appears to have achieved the objective of providing uniform and higher quality service at a reasonable cost The total number of bins has been reduced and all bins are now screened from the public right of way Furthermore, the rates charged for each service level are still among the lowest in the county

Bin Enclosure Cleaning Issues

Athens Services held the responsibility under the Franchise Agreement to address issues concerning bin enclosure cleanliness With the hiring of the Old Town Caretaker, the City felt that it could be more effective at addressing this issue To receive full and equitable value for the Franchise Agreement, the City and Athens agreed that Athens would provide the following added services under the Franchise Agreement of the equivalent value of the cleaning

- Quarterly Public Awareness and Education mailings to all of the businesses covering waste and recycling issues and proper disposal guidelines
- A minimum of five (5) site visits per month by Athens staff members to ensure continued good customer relations with the Old Town businesses
- Bulky item pick-ups in the enclosures at no charge when requested by city staff
- Old Town Monrovia Customer Brochure

Athens has made every effort to fulfill their obligation of the above functions. Each quarter, Athens has mailed a newsletter to businesses addressing pertinent issues they and the City feel merchants need to be made aware. In addition, Athens representatives make site visits to businesses on average of two times per week to immediately address problems as they arise. An Old Town Brochure is currently in the works and will be on display at various counters for merchants to pick up. Athens also provides courtesy cleanups of the enclosures when needed. Working with enclosure users to prevent littering and dumping of large items inside and adjacent to the enclosures has been an ongoing effort. Athens has made every feasible effort possible to work with City staff to identify problems and remedy the enclosure cleanliness issue as quick as possible.

Because users of the communal enclosures are subject to change over time, this is a continuing issue for staff to address. Athens has been a great partner in this regard. Staff will continue to work with Athens' representatives to ensure that the littering is abated and that business owners are aware of proper disposal methods.

Rate Adjustments

Staff has reviewed Athens' Service Rate Adjustment request and determined that the increases are commensurate with the Rate Adjustment formula reflected in the Franchise Agreement.

The Service Rate Adjustment for the various service levels represents a 2.06% increase in Service Rates overall, consisting of a 2.58% increase in CPI and 0.44% increase in landfill tipping fees. These factors are weighted 75% and 25%, respectively, in the Rate Adjustment formula.

The Service Rate Adjustment impacts a wide range of commercial service levels provided by Athens in the Old Town Franchise Area. As an example, the industry standard used for comparison of commercial account rates is the 3-yard bin serviced one time per week. The current and proposed rates for this level of service as well as a comparison of the average rate outside of the franchise area are below.

<u>3 Yd. Bin/1 Pick-up Per Week</u>	<u>Current</u>	<u>Proposed</u>	<u>Change</u>	<u>Outside OT</u>
Monthly Service Rate	\$51.97	\$53.04	+\$1.07	\$65.00
Enclosure Fee	\$ 6.57	\$ 6.57	\$ 00	
<i>Total Monthly Rate to Customer</i>	<i>\$58.54</i>	<i>\$59.61</i>	<i>+\$1.07</i>	

FISCAL IMPACT: There is a negligible impact to the City to increase the Service Rates for commercial and industrial solid waste collection in the Old Town Franchise Area. Since the City's franchise fee is based on a percentage of Athens' gross receipts, the City will realize a minimal increase in revenues.

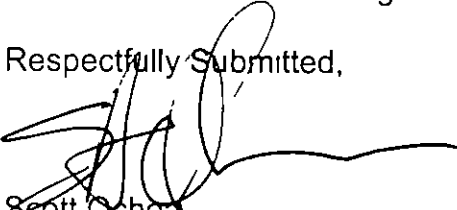
RECOMMENDATION: The Exclusive Franchise Agreement stipulates that Athens Services is eligible for annual Service Rate Adjustments, upon their satisfactory performance of the Contract Services. Athens has proven to be a valuable partner in this unique arrangement for waste management in the Old Town Franchise Area, often going above and beyond the

requirements of the Agreement to ensure customer satisfaction. Additionally, the Service Rate Adjustments are only reflective of the percentage change in the CPI and landfill tipping fees over the past year.

For these reasons, staff recommends approval of Resolution No 2003-08, authorizing the Service Rate Adjustments for commercial and industrial solid waste collection in the Old Town Franchise Area, as described above.

COUNCIL ACTION REQUIRED: If the City Council concurs, the appropriate action would be a motion to approve Resolution No 2003-08, granting the annual Service Rate Adjustments for commercial and industrial solid waste collection in the Old Town Franchise Area, pursuant to the Exclusive Franchise Agreement between the City of Monrovia and Athens Services.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Scott Ochoa', written over a horizontal line.

Scott Ochoa
Assistant City Manager

Attachment

1 Resolution No 2003-08

RESOLUTION NO. 2003-08

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONROVIA, CALIFORNIA, AUTHORIZING ANNUAL SERVICE RATE ADJUSTMENTS FOR THE COLLECTION OF COMMERCIAL AND INDUSTRIAL SOLID WASTE IN THE OLD TOWN FRANCHISE AREA, PURSUANT TO THE EXCLUSIVE FRANCHISE AGREEMENT BETWEEN THE CITY OF MONROVIA AND ATHENS SERVICES

THE CITY COUNCIL OF THE CITY OF MONROVIA DOES hereby resolve as follows

WHEREAS, on November 10, 1998, the City Council of the City of Monrovia adopted Resolution No 98-71, awarding an Exclusive Franchise for the collection of commercial and industrial waste in the Old Town Franchise Area and authorizing the execution of the Exclusive Franchise Agreement with Athens Services, and

WHEREAS, on December 16, 1998, the City of Monrovia and Athens Services executed an Exclusive Franchise Agreement; and

WHEREAS, effective the first anniversary date of the Exclusive Franchise Agreement, Athens Services was eligible to submit a Service Rate Adjustment request annually, and

WHEREAS, Athens Services has fulfilled its obligations to provide quality, cost-efficient service under the terms of the Exclusive Franchise Agreement, and

WHEREAS, on December 24, 2002, Athens Services presented the City with a written annual Service Rate Adjustment request for the collection of commercial and industrial solid waste in the Old Town Franchise Area

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Monrovia does hereby approve Resolution No 2003-08, authorizing the annual Service Rate Adjustments for the collection of commercial and industrial solid waste in the Old Town Franchise Area, pursuant to the Exclusive Franchise Agreement Between the City of Monrovia and Athens Services

PASSED, APPROVED AND ADOPTED this 28th day of January, 2003 by the following vote

AYES:
NOES:
ABSTAIN:
EXCUSED:

BY

Lara Larramendi Blakely, Mayor
City of Monrovia

ATTEST

APPROVED AS TO FORM

Linda B Proctor, CMC, City Clerk
City of Monrovia

Craig A Steele, City Attorney
City of Monrovia

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) §
CITY OF MONROVIA)

I, LINDA B PROCTOR, CMC, City Clerk of the City of Monrovia, California, do hereby certify that the foregoing Resolution No 2003-08 relating to the annual service rate adjustments for commercial and industrial solid waste collection in the Old Town Franchise Area was duly adopted and passed at a regular meeting of the City Council on the 28th day of January 2003 by the following vote

AYES:
NOES:
ABSTAIN:
EXCUSED:

ATTEST

Linda B Proctor, CMC, City Clerk
City of Monrovia